

APPENDIX H

Glossary of Capital Budget Terms

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A

Accrue

To recognize revenues when earned and to recognize expenditures as soon as they result in liabilities for benefits received.

Acronyms

Acronyms are groups of initials used to avoid repetitive writing or speaking of frequently used titles or phrases. Some of the more common acronyms used in this budget are as follows:

| | | | |
|--------------|---|-------------------|--|
| CAFR | Comprehensive Annual Financial Report | G.O. BONDS | General Obligation Bonds |
| CAPPS | Comprehensive Automated Personnel Payroll System | GPRA | Government Performance and Results Act |
| CCNV | Community for Creative Nonviolence | HVAC | Heating, Ventilation, & Air Condition |
| CDBG | Community Development Block Grants | ITI | Information Technology Initiative |
| CFO | Chief Financial Officer | MPD | Metropolitan Police Department |
| CIP | Capital Improvements Plan | MVIS | Motor Vehicles Information System |
| CMHS | Commission on Mental Health Services | NCRA | National Capital Revitalization Act |
| CRT | Capital Review Team | NPS | Non-Personal services |
| DCFRA | District of Columbia Financial Responsibility Authority | OBP | Office of Budget and Planning |
| DCPS | District of Columbia Public Schools | OFT | Office of Finance and Treasury |
| DHCD | Department of Housing and Community Development | OTR | Office of Tax and Revenue |
| DOT | Department of Transportation | OMB | Office of Management and Budget |
| DPW | Department of Public Works | PAYGO | Pay-As-You-Go financing |
| FHWA | Federal Highway Administration | PBC | Public Benefit Corporation |
| FRI | Facilities Rehabilitation Initiative | PDF | Project Description Form |
| FTE | Full-time Equivalent | PS | Personal services |
| FY | Fiscal Year | RFP | Request for Proposal |
| GAAP | Generally Accepted Accounting Principals | SOAR | System of Accounting and Reporting |
| GEAGA | General Fixed Assets Group of Accounts | UGST | Underground Storage Tanks |

Amendment

A proposed change to a budget that is not yet finally approved, but has been formally submitted by the executive to the legislative branch.

Appropriation

Authority to spend funds appropriated by Congress and financed by general District revenues.

Appropriated Authority

Is the amount approved in the budget as a project's greatest allowable District cost for project implementation. However, this amount does not include grants, and is not necessarily the amount actually financed. Authority is approved by the District Council and by Congress and may be modified throughout the life of a project by reprogramming and subsequent appropriations.

Appropriated Revenues

Revenue collected by an agency on behalf of the District Treasury; such revenue is used to support the operations of all agencies.

B

Budget Authority

Authority provided by law to enter into obligations that will result in expenditures. It may be classified by the period of availability (one-year, multiple-year, no-year), by timing of Congressional action (current or permanent), or by the manner of determining the amount available (definite or indefinite).

Budget Modification

A change in any portion of the budget during the fiscal year.

Budget Preparation

The budget planning and development process from the initial budget call, up to and including final approval by Congress.

C

Capital Improvements Plan

A plan for initiating the development, modernization, or replacement of District-owned facilities during a six-year period. As annually revised, this plan provides the basis for future-year capital budget requests.

Capital Outlays

Expenditures which result in the acquisition of or addition to fixed assets intended to benefit future periods.

Completed

This is a project status. It indicates that a construction project has been physically completed, but a payment or contractor's claim may be pending.

Construction

Is the status of a project. It refers to a construction contract having been awarded or construction has started.

Construction in Process

Is a phase that refers to the current value of expenditures for a capital project that has not yet been completed. The entire value of the project will be classified as a fixed asset once the project is completed. It is one of the tables used in the District's Comprehensive Annual Financial Report.

D

Debt Service

Is the mandatory annual payment of principal and interest that repays the District's long-term borrowings.

Design

Is a project phase relating to a construction status, "design" or "under design." This includes development and review of architectural or other design plans and the bidding process to obtain a contractor.

E

Economic Development

Refers to the program impact of a project. It means that the primary purpose of the project is to stimulate the District's economy by providing jobs, and stabilizing existing businesses and commercial enterprises.

Encumbrance

A reservation of funds to buy goods and services.

Enterprise Fund

Budgeting and accounting units created for particular purposes, such as water and sewer or other self-sustaining operations, to separate the revenue and financial control of such operations from the District's General Fund.

Equipment

Is a project phase. It refers to the purchase and installation of major mechanical systems and other equipment, usually in conjunction with a construction project. When shown as a status, the equipment has been ordered, or received and is waiting to be installed.

Equipment Lease Purchase

The District has implemented a Master Equipment Lease Purchase Program (the "Program"). The Program provides funding for equipment items which have a useful life of 5 - 10 years. Equipment items eligible for the Program include rolling stock such as police and fire vehicles, centralized computer equipment, and telecommunications systems. Use of this Program enables the District to improve its asset management by providing tax-exempt financing for projects with short to intermediate term useful lives. In addition, financing through the Program does not impact the District's debt ratios, as lease payments are not considered debt.

Expenditures

A payment for goods or services received.

F

Financing

Refers to the sources of funding used to support capital project costs. These funding sources are long-term borrowings, federal grants, general fund revenues, and revenue collected from other jurisdictions.

The amount of long-term borrowing and general fund revenue needed to fund capital projects is proposed by the Mayor and approved by the Council. Financing is approved on an annual basis and may occur several times during the life of a project. Financing needs are reviewed and revised quarterly, depending on the status of each project and actual project needs.

Fixed Assets

Is a completed capital project that is added to the permanent inventory of the District government. Synonyms used in the budget are physical plant or capital asset. Under generally accepted accounting principles, when a capital project does not create a fixed asset, related disbursements are not "capitalized," but are treated as current expenditures.

Full-Time Equivalent (FTE)

An employment indicator that translates the total number of hours worked in a year by all employees, including part-time workers to an equivalent number of work years.

Fund

A budgeting and accounting device used to establish accounts for separating revenues and their related obligations, and expenditures for one purpose from those revenues, obligations, and expenditures for other purposes.

G

General Fund Deficit

In the District, an amount representing unfunded expenditures and obligations accumulated primarily in years prior to Home Rule.

Generally Accepted Accounting Principles (GAAP)

The acronym for generally accepted accounting principles, the nationally recognized professional standards for financial reporting and accountability that the District follows.

General Obligation Bonds

Bonds sold by a municipal government to private investors to provide long-term financing for capital project needs. Repayment of the principal and interest is made from General Fund revenue.

Grants

Are funds received from the federal government to support the District's capital program.

I

Infrastructure

Is the underlying foundation or basic framework built on or below the ground such as streets, curbs, gutters, lights, highways, bridges, and water and sewer systems. These types of assets are immovable.

Intra-District

An accounting mechanism used to track payments for services provided by one District agency to another District agency.

L

Local Funds

Includes tax and non-tax revenue that is not earmarked for a particular purpose and is allocated to fund District programs during the annual budget process.

0

Obligations

The amount of expenditure already made as well as the cost of commitments requiring future payments.

Operating Budget Impact

Explains how the capital improvement activity can affect the operating budget. Capital projects, such as the construction of new facilities, necessitate increased spending from the operating budget for staff, equipment, and relocation costs. Several capital projects, such as energy conservation and elevator replacements, may decrease operating costs by reducing utility and maintenance expenses.

Other Funds

Category of funds including grants or private donations received by entities other than the federal government (i.e., Sallie Mae and Connie Lee).

P

Pay-As-You-Go Financing (Paygo)

Financing is obtained from current revenue authorized by the annual operating budget and approved by the Council and the Congress in a public law. Once the public law becomes effective, the operating funds are transferred to the capital account and allocated to the appropriate project. Generally, PAYGO financing supports the costs for minor repairs, equipment purchases, or other items that do not qualify for long-term general obligation bond financing.

Performance Measure

A quantitative indicator that programs or services are directly contributing to the achievement of an agency's strategic plan. This includes indicators of a program's or activity's inputs, output, outcomes, productivity, timeliness, and/or quality.

Phase

Is a subset of project budget authority. Funds for capital projects are requested and spent by phase. There are five budget phases for a capital project: (1) Site, (2) Design, (3) Project Management, (4) Construction, and (5) Equipment. Phase may also refer to the physical status of a project after it has been approved for implementation.

Predesign

Is the status of a construction project that is being prepared for design. During this phase, the agency requesting the project is developing a more detailed scope of work, getting preliminary cost estimates, and analyzing the site. The design work itself has not been delivered to an architect.

Private Activity

Relates to capital expenditures that may benefit a nongovernmental party. The Tax Reform Act of 1986 established a ceiling of 10 percent on any tax-free general obligation bond issuance for funding capital projects that are not entirely for public use. Under the Tax Reform Act, a private entity includes the federal government as well as 501c(3) charitable organizations. To protect the tax-exempt status of the general obligation bonds, every capital project is examined for any possible relationship to nongovernmental users or beneficiaries.

R

Renovation

Is a category used to refer to construction at a site that modifies the entire building. This includes modernization as well as renovation of the building.

Repair

Is a category that refers to general improvements that maintain or restore major systems. It includes replacement of heating systems, roofs, windows, and plumbing systems at District-owned facilities.

Reprogramming

Is the reallocation of authority from one project to another. A reprogramming is necessary when there is movement within a project from one phase to another, any movement from one subproject to another, and any change in the scope of work that will result in a substantially different end product than originally approved. A reprogramming should occur only where additional appropriations would be required to complete the project as originally intended.

Rescission

A legislative cancellation of budget authority previously approved by the Council and the Congress.

Revenue Bonds

Bonds whose principal and interest are payable exclusively from earnings of an enterprise fund.

S

Site

Is a project phase. It includes the acquisition of a site as well as the clearing or demolition that may be necessary to prepare the site for construction. As a project status in the implementation schedule, it indicates that the project site is presently the major focus of staff work and that design may not yet have started.

Site Acquisition

Is a project category that refers to the purchase of land and/or buildings.

T

Tax Reform Act of 1986

The Tax Reform Act of 1986 has a great impact on the District's capital program. It requires that (1) every project's purpose be demonstrably public, excluding, particularly, not benefiting charitable service organizations, and/or the federal government; (2) a rebate be paid if 95 percent of the borrowed funds are not expended within six months; and (3) there would be a ceiling on the amount of tax-free revenue bonds that states may issue.

U

Unexpended Balance

The current gross authority balance derived by subtracting the lifetime gross expenditures from the lifetime gross authority.

Useful Life

Indicates the expected number of years the capital asset will last, after which the asset should be replaced or rehabilitated.

W

Ward

Indicates the location where the capital project will be implemented. This is indicated by ward number if the project is in the District and by name of state if the project is not in the District. If a project is designated as District-wide, it is located in more than two wards (e.g., street repair might be scheduled in more than two wards). Many capital projects have a District-wide effect even if they are located in one specific ward.